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SECRETARIAT

OF

THE ODISHA LEGISLATIVE ASSEMBLY

NOTIFICATION

The 25th September, 2025

No. 6618/L.A.– The following Bill, which has been introduced in the Odisha Legislative Assembly on the dated 22nd September, 2025 is here with published under rule-68 of the Rules of Procedure and Conduct of Business in the Odisha Legislative Assembly for general information.

THE ODISHA GOODS AND SERVICES TAX (AMENDMENT) BILL, 2025.

A

BILL

FURTHER TO AMEND THE ODISHA GOODS AND SERVICES TAX ACT, 2017.

BE it enacted by the Legislature of the State of Odisha in the Seventy-sixth year of the Republic of India as follows:—

Short title and commencement.

1.(1) This Act may be called the Odisha Goods and Services Tax (Amendment) Act, 2025.

(2) Save as otherwise provided, the provisions of this Act shall come into force on such date as the State Government may, by notification, appoint:

Provided that different dates may be appointed for different provisions of this Act and any reference in any such provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Amendment of Section 2.

2. In the Odisha Goods and Services Tax Act, 2017 (hereinafter referred to as the principal Act), in Section 2,– Odisha Act 7 of 2017.

(*i*) in clause (*61*), after the word and figure "Section 9", the words, brackets and figures "of this Act or under sub-section (*3*) or sub-section (*4*) of Section 5 of the Integrated Goods and Services Tax Act, 2017" shall be inserted with effect from the dated 1st day of April, 2025; 13 of 2017.

(*ii*) in clause (*69*),—

(*a*) in sub-clause (*c*), after the words "management of a municipal", the word "fund" shall be inserted;

(*b*) after sub-clause (*c*), the following *Explanation* shall be

inserted, namely:—

'*Explanation*.—For the purposes of this sub-clause—

(a) "local fund" means any fund under the control or management of an Authority of a local self-government established for discharging civic functions in relation to a Panchayat area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called; and

(b) "municipal fund" means any fund under the control or management of an authority of a local self-government established for discharging civic functions in relation to a Metropolitan area or Municipal area and vested by law with the powers to levy, collect and appropriate any tax, duty, toll, cess or fee, by whatever name called.'; and

(iii) after clause (116), the following clause shall be inserted, namely:—

'(116A) "unique identification marking" means the unique identification marking referred to in clause (b) of sub-section (2) of section 148A and includes a digital stamp, digital mark or any other similar marking, which is unique, secure and non-removable;'.

Amendment of Section 12.

3. In Section 12 of the principal Act, sub-section (4) shall be omitted.

Amendment of Section 13.

4. In Section 13 of the principal Act, sub-section (4) shall be omitted.

Amendment of Section 17.

5. In Section 17 of the principal Act, in sub-section (5), in clause (d),—

(i) for the words “plant or machinery”, the words “plant and machinery” shall be substituted and shall be deemed to have been substituted with effect from the dated 1st day of July, 2017; and

(ii) the *Explanation* shall be renumbered as *Explanation* 1 thereof, and after *Explanation* 1 as so renumbered, the following *Explanation* shall be inserted, namely:–

‘Explanation 2.—For the purposes of clause (d), it is hereby clarified that notwithstanding anything to the contrary contained in any judgment, decree or order of any court, tribunal, or other Authority, any reference to “plant or machinery” shall be construed and shall always be deemed to have been construed as a reference to “plant and machinery”.’.

Amendment of Section 20.

6. In Section 20 of the principal Act, with effect from the 1st day of April, 2025,–

(i) in sub-section (1), after the word and figure “Section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of Section 5 of the Integrated Goods and Services Tax Act, 2017” shall be inserted; and 13 of 2017

(ii) in sub-section (2), after the word and figure “Section 9”, the words, brackets and figures “of this Act or under sub-section (3) or sub-section (4) of Section 5 of the Integrated Goods and Services Tax Act, 2017,” shall be inserted. 13 of 2017.

Amendment of Section 34.

7. In Section 34 of the principal Act, in sub-section (2), for the proviso, the following proviso shall be substituted, namely:—

“Provided that no reduction in output tax liability of the supplier shall be permitted, if the,—

(i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person; or

(ii) incidence of tax on such supply has been passed on to any other person, in other cases.”.

Amendment of Section 38.

8. In Section 38 of the principal Act,—

(i) in sub-section (1), for the words “an auto-generated statement”, the words “a statement” shall be substituted; and

(ii) in sub-section (2),—

(a) for the words “auto-generated statement under”, the words “statement referred in” shall be substituted;

(b) in clause (a), the word “and” shall be omitted;

(c) in clause (b), after the words “by the recipient,”, the word “including” shall be inserted; and

(d) after clause (b), the following clause shall be inserted, namely:—

“(c) such other details as may be prescribed.”.

Amendment of Section 39.

9. In Section 39 of the principal Act, in sub-section (1), for the words “and within such time”, the words “within such time, and subject to such conditions and restrictions” shall be substituted.

Amendment of Section 107.

10. In Section 107 of the principal Act, in sub-section (6), for the proviso, the following proviso shall be substituted, namely:—

“Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty has been paid by the appellant.”.

Amendment of Section 112.

11. In Section 112 of the principal Act, in sub-section (8), the following proviso shall be inserted, namely:—

“Provided that in case of any order demanding penalty without involving demand of any tax, no appeal shall be filed against such order unless a sum equal to ten per cent. of the said penalty, in addition to the amount payable under the proviso to sub-section (6) of section 107 has been paid by the appellant.”.

Insertion of new Section 122B.

12. After Section 122A of the principal Act, the following section shall be inserted, namely:—

“Penalty for failure to comply with track and trace mechanism.

122B. Notwithstanding anything contained in this Act, where any person referred to in clause (b) of sub-section (1) of Section 148A acts in contravention of the provisions of the said section, he shall, in addition to any penalty under Chapter XV or the provisions of this Chapter, be liable to pay a penalty equal to an amount of

one lakh rupees or ten per cent. of the tax payable on such goods, whichever is higher.”.

Insertion of new Section 148A.

13. After Section 148 of the principal Act, the following section shall be inserted, namely:—

“Track and trace mechanism for certain goods.

148A. (1) The Government may, on the recommendations of the Council, by notification, specify,—

(a) the goods; and

(b) persons or class of persons who are in possession or deal with such goods, to which the provisions of this section shall apply.

(2) The Government may, in respect of the goods referred to in clause (a) of sub-section (1),—

(a) provide a system for enabling affixation of unique identification marking and for electronic storage and access of information contained therein, through such persons, as may be prescribed; and

(b) prescribe the unique identification marking for such goods, including the information to be recorded therein.

(3) The persons referred to in sub-section (1), shall,—

(*a*) affix on the said goods or packages thereof, a unique identification marking, containing such information and in such manner;

(*b*) furnish such information and details within such time and maintain such records or documents, in such form and manner;

(*c*) furnish details of the machinery installed in the place of business of manufacture of such goods, including the identification, capacity, duration of operation and such other details or information, within such time and in such form and manner; and

(*d*) pay such amount in relation to the system referred to in sub-section (*2*), as may be prescribed.”.

Amendment of Schedule III.

14. In Schedule III of the principal Act,—

(*i*) in paragraph 8, after clause (*a*), the following clause shall be inserted and shall be deemed to have been inserted with effect from the dated 1st day of July, 2017, namely:—

"(*aa*) Supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area;";

(*ii*) in *Explanation* 2, after the words "For the purposes of", the words, brackets and letter "clause (*a*) of" shall be inserted and shall be deemed to have been inserted with effect from the dated 1st day of July, 2017; and

(*iii*) after *Explanation* 2, the following *Explanation* shall be inserted and shall be deemed to have been inserted with effect from the dated 1st day of July, 2017, namely:—

'*Explanation* 3.—For the purposes of clause (*aa*) of paragraph 8, the expressions "Special Economic Zone", "Free Trade Warehousing Zone" and "Domestic Tariff Area" shall have the same meanings respectively as assigned to them in Section 2 of the Special Economic Zones Act, 2005: 28 of 2005.

Provided that no refund shall be made of all such tax which has been collected but which would not have been so collected, had clause (aa) of Paragraph 8, *Explanation* 2 and *Explanation* 3 of Schedule III been in force at all material times.'.

STATEMENT OF OBJECTS AND REASONS

The Odisha Goods and Services Tax Act, 2017 was enacted with a view to make provision for levy and collection of tax on *intra-State* supply of goods or services or both by the State Government.

2.The new tax regime had faced certain difficulties like evasion of tax in evasion prone sectors like pan masala, doubts relating to time of supply of vouchers in Section 12(4) and 13(4) of OGST Act, ambiguity regarding interpretation of "Plant and Machinery" and ambiguity relating to distribution of credit of integrated tax in respect of RCM supplies etc..In order to overcome such difficulties, it is proposed to amend the OGST Act, 2017.

3. The proposed Odisha Goods and Services Tax (Amendment) Bill, 2025, *interalia,* provides for the following, namely:—

(i) to amend-

(a) clause (61) of Section 2 of the Act pertaining to the definition of "Input Service Distributor" so as to explicitly provide for distribution of input tax credit by the Input Service Distributor in respect of inter-state supplies, on which tax has to be paid on reverse charge basis, by inserting reference to sub-section (3) and sub-section (4) of Section 5 of the Integrated Goods and Services Tax Act in the definition of Input Service Distributor;

(b) sub-clause (c) of clause (69) of Section 2 of the Act by sub stituting the term "municipal or local fund" with the terms "municipal fund or local fund" and define the terms "local fund" and "municipal fund" so as to clarify the scope of the said terms;

(c) to insert a new clause (116A) in Section 2 of the Act so as to define the expression "unique identification marking" to mean a mark that is unique, secure and non-removable for implementation of track and trace mechanism in the evasion prone sectors like pan masala;

(ii) to omit sub-section (4) of Section 12 and sub-section (4) of Section 13 of the Act so as to remove the provision for time of supply in respect of transaction in vouchers, the same being neither supply of goods nor supply of services;

(iii) to amend clause (d) of sub-section (5) of Section 17 of the OGST Act so as to remove any ambiguity relating to interpretation of "plant and machinery" for the purpose of availment of input tax credit in such cases. It further seeks to

insert an *Explanation* to clarify that the said amendment is made notwithstanding anything to the contrary contained in any judgment, decree or order of any court or any other Authority;

(iv) to amend sub-sections (1) and (2) of Section 20 of the Act so as to explicitly provide for distribution of input tax credit (ITC) by the Input Service Distributor in respect of inter-State supplies on which tax has to be paid on reverse charge basis, by inserting a reference to sub-section (3) and sub-section (4) of Section 5 of the Integrated Goods and Services Tax Act, 2017 in the said sub-section;

(v) to amend the proviso to sub-section (2) of Section 34 of the Act so as to explicitly provide for the requirement of reversal of corresponding input tax credit in respect of a credit-note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note. It further seeks to remove the condition in the said proviso of not having passed the incidence of interest on supply for the purpose of reduction of tax liability of the supplier in respect of the said credit note;

(vi) to amend sub-section (1) of Section 38 of the OGST Act to omit the expression “auto-generated” with respect to statement of input tax credit in the said sub-section. It further seeks to amend sub-section (2) of the said section by omitting the expression “auto-generated” with respect to statement of input tax credit in the said sub-section and inserting the expression “including” after the words “by the recipient” in clause (b) of said sub-section so as to make the said sub-section inclusive to cover other cases where input tax credit is not available to taxpayer under any other provisions of the Act. It further inserts a new clause (c) in the said sub-section to provide for an enabling clause to prescribe other details to be made available in statement of input tax credit;

(vii) to amend sub-section (1) of Section 39 of the Act so as to provide for an enabling clause to prescribe conditions and restrictions for filing of return under the said sub-section;

(viii) to substitute the proviso to sub-section (6) of Section 107 of the OGST Act to provide for the requirement of pre-deposit of ten per cent. of the penalty amount for filing an appeal before the Appellate Authority against an order which involves demand of penalty without involving any demand of tax;

(ix) to insert a proviso to sub-section (8) of Section 112 of OGST Act to provide for the requirement of pre-deposit of ten per cent. of the penalty amount for filing an appeal before the Appellate Tribunal against an order which involves demand of penalty without involving any demand of tax;

(x) to insert a new Section 122B in the OGST Act to provide for penal provisions for contraventions of the provisions relating to track and trace mechanism;

(xi) to insert a new Section 148A in the OGST Act so as to provide for an enabling provision for implementation of track and trace mechanism for ensuring effective monitoring and control of supply of specified commodities; and

(xii) to insert a new clause (aa) in paragraph 8 of Schedule III of the OGST Act to specify that the supply of goods warehoused in a Special Economic Zone or in a Free Trade Warehousing Zone to any person before clearance for exports or to the Domestic Tariff Area shall be treated neither as supply of goods nor as supply of services. It further seeks to amend the *Explanation* 2 of the said Schedule to clarify that the said *Explanation* shall be applicable in respect of clause (a) of paragraph 8 of the said Schedule.

It also seeks to insert an *Explanation* 3 in the said Schedule to define the expressions “Special Economic Zone”, “Free Trade Warehousing Zone” and “Domestic Tariff Area”, for the purpose of the proposed clause (aa) in paragraph 8 of said Schedule.

4. The Bill seeks to achieve the above objectives.

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